Kramer Levin

Paul H. Schoeman
Partner
T 212.715.9264
F 212.715.8064
PSchoeman@kramerlevin.com

1177 Avenue of the Americas
New York, NY 10036
T 212.715.9100
F 212.715.8000

February 2, 2022

Via ECF

The Honorable Lorna G. Schofield
United States District Judge
Southern District of New York
40 Foley Square
New York, NY 10007

Re: *United States v. Stephen M. Calk*, S1 19 Cr. 366 (LGS)

Dear Judge Schofield:

On behalf of Mr. Calk, we respectfully submit this letter in response to the Court's January 31, 2022 Order, Dkt. No. 295. In response to the Court's request, we obtained the following information from counsel for The Federal Savings Bank:

1. The total amount of interest accrued on each of the Manafort loans until placed on non-accrual status is as follows:

   Summerbreeze Loan: $175,339.43
   Union Street Loan: $103,114.70

2. The additional interest that would have accrued on each of the loans had they not been placed on non-accrual status is as follows:

   Summerbreeze Loan: $2,102,674.77 (paid from recovered collateral)
   Union Street Loan: $1,638,930.94 as of January 31, 2022

3. The interest rate applied for both of the Manafort loans, including for the period after the initial 36 months on the adjustable rate Summerbreeze Loan, is 7.25%, which is consistent with the Bank's customary practice with respect to loans on non-accrual status.

As the Court observed, the loan agreement for the Summerbreeze Loan provided that the interest rate could adjust on December 1, 2019 and annually thereafter. The adjusted rate would be pegged at the level of one-year U.S. dollar-denominated LIBOR plus 5%. In December 2019 and thereafter, the one-year U.S. dollar-denominated LIBOR rate was 2% or less,[1] such that the adjusted rate under this calculation would at all times have been less than

[1] *See* Bonds & Rates, WSJ Markets, https://www.wsj.com/market-data/bonds; 1 Year London Interbank Offered Rate in USD (LIBOR), Market Watch, https://www.marketwatch.com/investing/interestrate/liborusd12m/charts?countrycode=mr&mod=mw_quote_tab.

7.25%. However, the loan agreement provided that although the adjusted rate could go as high as 12.25%, it could never be less than the initial 7.25%.

We also note that, based on the expected recovery upon the sale of the Union Street property, the recovered collateral ($19.22m) plus the upfront points paid in connection with the loans ($415,000) totals $19.63m. This is greater than the amount of the unpaid principal at non-accrual ($15.39m) together with the accrued and "non-accrued" interest at 7.25% ($4.02m), which totals $19.41m.

Respectfully submitted,

/s/ Paul H. Schoeman

Paul H. Schoeman
Darren A. LaVerne

cc: All counsel (via ECF)